

number of carriers competing in the market.”⁶⁰ These competitors “include interexchange carriers, competitive LECs, cable companies, other incumbent LECs, systems integrators, and equipment vendors.”⁶¹

34. Although not all of the carriers that serve enterprise customers own and operate their own facilities, there is an extensive wholesale market for these facilities. In fact, no telecommunications carrier in the United States, including Verizon, has ubiquitous high-capacity telecommunications facilities that are capable of serving all the needs of commercial and institutional customers. As a result, all retail service providers must depend, to a greater or lesser degree, on multiple facilities-based carriers to create a network that can serve all of the needs of commercial and institutional customers. Furthermore, provision of underlying facilities is only one component of offering service, because commercial and institutional customers demand integrated communications solutions that are likewise compatible with their overall information technology infrastructure.

35. While Verizon is one of the largest wholesale suppliers to other competing carriers in the enterprise market, it provides the vast majority of wholesale inputs to these carriers as special access, not as unbundled network elements. In the *Omaha Forbearance Order*, the Commission acknowledged that this form of wholesale competition was relevant in evaluating whether competition is sufficient to constrain Verizon’s prices in the enterprise market.⁶²

⁶⁰ *Verizon Communications Inc. and MCI, Inc. Applications for Approval of Transfer of Control*, Memorandum Opinion and Order, 20 FCC Rcd 18433, ¶ 56 (2005) (“*Verizon/MCI Order*”).

⁶¹ *Id.* ¶ 64.

⁶² See *Omaha Forbearance Order* ¶ 68.

A. Overview of Enterprise Competition in the Pittsburgh MSA

36. Comcast, the major cable operator in the Pittsburgh MSA, offers service to business customers, using both its cable networks and fiber networks that it has deployed specifically to serve business customers. According to data from GeoTel, there are at least four known competing carriers that operate fiber networks within the Pittsburgh MSA and these networks span at least **** route miles. Exhibits 5 and 6 contain maps of these networks. As these maps indicate, there are at least one or more known competing fiber providers in **** percent of wire centers in the Pittsburgh MSA. These wire centers represent approximately **** percent of Verizon's retail switched business lines in the MSA. These data also show that there are one or more known competing fiber providers in at least **** percent of the **** wire centers in the Pittsburgh MSA that account for 80 percent of Verizon's high-capacity special access revenues.

37. Based on the most recent business E911 listings data available for Allegheny County and as of December 2005 for other parts of the MSA, competing carriers are serving business customers in **** percent of the wire centers in the Pittsburgh MSA, and these wire centers account for **** percent of Verizon's retail switched business lines in the MSA. According to these data, competitors had obtained approximately **** business E911 listings. These data provide an estimate of the number of business lines that competitors are serving. Each E911 residential subscriber listing necessarily represents one customer access line, but in the case of business customers a listing does not necessarily correlate one-to-one based on the manner in which the service is provided. Importantly, competitors do not typically obtain E911 listings for lines that are used to provide data services. In any event, this total indicates that competitors controlled approximately **** percent of switched business lines in the Pittsburgh MSA.

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38. Based on Verizon's wholesale billing records from December 2005, competitors are serving approximately **** voice-grade equivalent lines in the Pittsburgh MSA using special access: approximately **** voice-grade equivalent lines using DS3s, approximately **** voice-grade equivalent lines using DS1s, approximately **** voice-grade equivalent lines using DS0s, and approximately **** voice-grade equivalent lines using OCN, FMS, or other services. As of this date, competitors are serving an additional **** voice-grade equivalent lines using DS1 private lines, and **** voice-grade equivalent lines using DS0 private lines. Competitors are using special access to serve business customers in **** percent of wire centers in the Pittsburgh MSA. These wire centers serve more than **** percent of Verizon's retail switched business lines in the MSA.

39. As of the end of December 2005, more than 10 CLECs are collocated in Verizon's central offices in the Pittsburgh MSA. These competitors are collocated in a total of **** central offices that reach **** percent of Verizon's retail access lines in the MSA, and approximately **** percent of Verizon's retail switched business lines in the MSA.

B. Summary of Major Facilities-Based Competitors in the Pittsburgh MSA

40. In the Pittsburgh MSA, there are large numbers of facilities-based providers competing for enterprise customers today, including cable operators such as Comcast, as well as traditional telecom carriers such as AT&T, Level 3, Global Crossing, One Communications, US LEC, and Fibertech Networks. In addition, Verizon increasingly faces competition from carriers who aggregate facilities from multiple sources and combine them with their own value-added services. Such competitors include systems integrators and managed service providers (like

IBM, EDS, Accenture, Northrop Grumman, and Lockheed Martin), equipment vendors (like Lucent and Nortel), and, most recently, major application providers (like Microsoft).

1. Cable Operators

41. The nation's major cable operators are now actively pursuing commercial and institutional customers. Cable operators originally focused on small businesses, but they have broadened their reach to offer individualized services to medium-sized businesses and even to large enterprise customers. Cable operators are providing high-capacity services to business customers both by deploying fiber to office buildings, and by extending their hybrid fiber-coax networks to business districts in order to provide cable modem services to business customers.⁶³ Comcast, the major cable company operating in the Pittsburgh MSA, has a web page devoted to voice services specifically for business customers.⁶⁴ See Exhibit 7.

42. Comcast offers business customers service through its subsidiary, Comcast Commercial.⁶⁵ Comcast offers a variety of data services to business customers in the Pittsburgh MSA, including dedicated Internet access, Ethernet, and metropolitan area network services.⁶⁶ Comcast also offers cable modem services for use by smaller businesses.⁶⁷ Comcast's cable modem service for business customers gives the customer "everything you need to connect your

⁶³ See *Verizon/MCI Order* ¶¶ 30, 60 & n.170, 64, 65, 67 & n.188, 74, 77.

⁶⁴ Comcast, <http://www.comcastcommercial.com/index.php?option=content&task=view&id=24&Item=56>.

⁶⁵ Comcast Commercial, http://www.comcastcommercial.com/index.php?option=com_frontpage&Itemid=1.

⁶⁶ Comcast Commercial, *Services*, <http://www.comcastcommercial.com/index.php?option=content&task=view&id=6&Itemid=27>; Comcast Commercial, *Enterprise Network Service*, <http://www.comcastcommercial.com/index.php?option=content&task=view&id=8&Itemid=37>.

⁶⁷ Comcast, *Comcast Workplace*, <http://www.comcast.com/business/Availability.ashx> (using zip code 15201).

office to the Internet quickly, securely, and efficiently” and, according to Comcast, provides “business-class technical support from a dedicated team that’s available 24/7.”⁶⁸ Comcast Commercial asserts that it “delivers a full suite of Internet and network services that can meet the needs [and] demands of any size business and any business application.”⁶⁹ In addition, Comcast offers data services to other telecommunications carriers, leveraging “the massive network of our parent company,” according to Comcast.⁷⁰ For carriers, Comcast says it offers “[c]ost-effective transport that can reach into new markets and scale at a moments notice.”⁷¹

2. Traditional Telecommunications Carriers

43. AT&T is the largest competitor for enterprise customers in the nation. AT&T states that it is “No. 1 in large-business customers,” and that “virtually all of the Fortune 1000 companies and all of the Standard & Poor’s (S&P) 500 are customers.”⁷² AT&T has deployed a voice network and a data network, along with a voice switch and a data switch, in the Pittsburgh MSA.⁷³ AT&T offers the full range of voice and data services for enterprise customers in Pittsburgh, including local and long-distance voice services, private lines, Ethernet, ATM, Frame

⁶⁸ Comcast, *Comcast Workplace: Features*, <http://www.comcast.com/business/workplaceFeatures.html>.

⁶⁹ Comcast Commercial, *Our Company*, <http://www.comcastcommercial.com/index.php?option=content&task=view&id=3&Itemid=33>.

⁷⁰ Comcast Commercial, *Telecommunications: Increasing Margins with Lower Transport Costs*, <http://www.comcastcommercial.com/index.php?option=content&task=view&id=33&Itemid=71>.

⁷¹ *Id.*

⁷² AT&T News Release, *AT&T Positioned in the Leaders Quadrant in Magic Quadrant Report for U.S. Managed and Professional Network Service Providers* (July 17, 2006); AT&T, *2005 Annual Report* at 1 (2006).

⁷³ New Paradigm Resources Group, Inc., *Competitive Carrier Report 2006*, Ch. 6 – AT&T at 7, 10 (20th ed. 2006) (“*Competitive Carrier Report 2006*”).

Relay, Managed Internet, IP VPNs, and hosting services.⁷⁴ Based on the most recent data available for Allegheny County and as of December 2005 for other parts of the MSA, AT&T had approximately **** business E911 listings in the Pittsburgh MSA. In addition, AT&T says it offers “an array of Local and Long-Haul Dedicated Private Line & SONET Services, from Single Channel to OC192 (Wavelength) Services” for use by other telecom carriers.⁷⁵

44. Broadwing owns an advanced fiber-optic network connecting over 100 cities in the United States.⁷⁶ In the Pittsburgh MSA, Broadwing has deployed a data network.⁷⁷ Broadwing offers a variety of voice and data services for enterprise customers, including switched and dedicated voice services, private lines, wavelength services, both public and private IP, and wide area networking.⁷⁸ Broadwing also offers all of the above services for use by its carrier customers, including private lines which, according to the company, “provide[] a flexible, cost-effective, seamless solution for infrastructure, voice, video and data applications.”⁷⁹

⁷⁴ AT&T, *Enterprise Business: Products & Services*, http://www.business.att.com/services.jsp?repoid=ProductCategory&segment=ent_biz.

⁷⁵ AT&T, *Wholesale: Private Line Services*, http://www.business.att.com/service_fam_overview.jsp?repoid=ProductSub-Category&repoitem=w_privateline&serv_port=w_data&serv_fam=w_privateline&segment=whole.

⁷⁶ Broadwing Corp., Form 10-K (SEC Mar. 6, 2006).

⁷⁷ *Competitive Carrier Report 2006*, Ch. 6 – Broadwing at 9.

⁷⁸ Broadwing, *Data Services*, <http://www.broadwing.com/enterprise-d4.html>; Broadwing, *Voice Services*, <http://www.broadwing.com/enterprise-d5.html>.

⁷⁹ Broadwing, *Carrier Services*, <http://www.broadwing.com/carrier.html>; Broadwing, *Carrier Services: Private Line*, <http://www.broadwing.com/carrier-e402.html>.

45. DQE Communications is a subsidiary of Duquesne Light Holdings, an electric utility with more than half a million customers in southwestern Pennsylvania.⁸⁰ DQE says it offers a “state-of-the-art, fiber optic infrastructure that enables customized, secure networks to deliver the bandwidth and scalability needed by businesses for today’s wide array of telecommunications services.”⁸¹ According to GeoTel data, DQE has an approximately **** route-mile fiber-optic network in the Pittsburgh MSA. DQE’s network runs through downtown Pittsburgh, as well as the Golden Triangle, the North Hills, Monroeville, Southpointe, and Pittsburgh International Airport, connecting to more than 600 of the regions “top commercial buildings,” according to DQE.⁸²

46. Fibertech Networks operates an approximately **** route-mile fiber-optic network in Pittsburgh, which encompasses downtown Pittsburgh, as well as numerous towns in the Pittsburgh metropolitan area including Sewickley, Perrysville, Oakmont, and McKeesport.⁸³ Fibertech says its network provides “connections to virtually all central offices, POPs and data centers, and [] are a short distance from its major office buildings and business parks.”⁸⁴ Fibertech offers mainly dark fiber services, providing large businesses with “unlimited bandwidth” directly into company facilities and the ability to “control the growth and

⁸⁰ Duquesne Light Holdings, *About Us*, <http://www.duquesnelightholdings.com/AboutUs/default.cfm>.

⁸¹ DQE Communications, *About Us*, <http://www.dqecom.com/AboutUs/DQECommunications.cfm>.

⁸² DQE Communications, *Regional Connection*, <http://www.dqecom.com/PlugIn/RegionalConnection.cfm>.

⁸³ Fibertech Networks, *Current Markets: Pittsburgh, PA*, http://www.fibertech.com/net_currentmaps.cfm?id=11.

⁸⁴ Fibertech Networks, *Carrier Solutions*, <http://www.fibertech.com/carrier.cfm>.

development of your communications infrastructure,” according to the company.⁸⁵ Fibertech also offers metro network dark fiber for use by carriers.⁸⁶

47. Global Crossing has deployed a data network in the Pittsburgh MSA.⁸⁷ Global Crossing offers a full range of voice and data services for enterprise customers, including local and long-distance voice, VoIP, Frame Relay, ATM, private lines, wavelength services, collocation, dedicated Internet access, IP VPNs, and metro and local access services.⁸⁸ Global Crossing also offers many of these same services on a wholesale basis for use by other telecommunications carriers.⁸⁹ The company says its “Metro Network Services allow [] customers to link to [Global Crossing’s] high-speed, intra-city, SONET/SDH and DWDM rings.”⁹⁰ Based on the most recent data available for Allegheny County and as of December 2005, Global Crossing had more than **** business E911 listings in the Pittsburgh MSA.

48. Level 3⁹¹ operates an approximately **** route-mile fiber-optic network in the Pittsburgh MSA, including downtown Pittsburgh, and portions of Sewickley, McKeesport,

⁸⁵ Fibertech Networks, *Enterprise Solutions: Large Business*, http://www.fibertech.com/ent_biz.cfm.

⁸⁶ Fibertech Networks, *Carrier Solutions*, <http://www.fibertech.com/carrier.cfm>.

⁸⁷ *Competitive Carrier Report 2006*, Ch. 6 – Global Crossing at 7.

⁸⁸ Global Crossing, *Enterprise Products*, http://www.globalcrossing.com/xml/services/serv_products.xml.

⁸⁹ Global Crossing, *Carrier Products*, http://www.globalcrossing.com/xml/carrier/car_products.xml.

⁹⁰ Global Crossing, *Carrier Products: Metro Network Service*, http://www.globalcrossing.com/xml/carrier/car_access_metro_over.xml.

⁹¹ Level 3 recently completed the acquisition of TelCove and the following descriptions are of TelCove’s network and offerings in Pittsburgh. Level 3 Press Release, *Level 3 Reports Second Quarter Results* (July 25, 2006).

Robinson and Oakmont.⁹² The network connects to 125 lit buildings, 18 lit local service offices, and 6 lit IXC POPs.⁹³ Level 3 also operates a voice switch in Pittsburgh.⁹⁴ Level 3 offers a variety of voice and data services to enterprise customers, including dedicated Internet access, private lines, ATM and frame relay circuits, Ethernet, IP VPNs, trunks, ISDN-BRI, ISDN-PRI, and Centrex voice services.⁹⁵ Level 3 also offers services to carriers, including “[d]edicated transport solutions” and “carrier-class voice solutions.”⁹⁶ In addition, Level 3 says it offers carriers “a full suite of access products (both local and long-haul), ranging from traditional special access DS1, DS3, and OCx services, to Private SONET Rings, Ethernet, and wavelength services.”⁹⁷ Based on the most recent data available for Allegheny County and as of December 2005 for other parts of the MSA, Level 3 had approximately **** business E911 listings in the Pittsburgh MSA.

49. One Communications, recently formed through the merger of Choice One Communications, CTC Communications, and Conversent Communications, claims to be “the largest privately-held competitive local exchange carrier in the United States.”⁹⁸ One

⁹² TelCove, *Pittsburgh, PA Fiber Map*, http://www.telcove.com/maps/PA_Pittsburgh_Feb-06.jpg.

⁹³ *Id.*

⁹⁴ *Competitive Carrier Report 2006*, Ch. 6 – TelCove at 12.

⁹⁵ TelCove, *Internet Services*, <http://www.telcove.com/products/internet-services.asp>; TelCove, *Data Services*, <http://www.telcove.com/products/data-services.asp>; TelCove, *Voice Services*, <http://www.telcove.com/products/voice-services.asp>.

⁹⁶ TelCove, *Carrier Overview*, <http://www.telcove.com/carriers/carriers.asp>.

⁹⁷ TelCove, *Carrier Services: Our IXC Partners*, <http://www.telcove.com/carriers/interexchange.asp>.

⁹⁸ One Communications Press Release, *Choice One Communications and CTC Communications Finalize Merger; Simultaneously Complete Acquisition of Conversent Communications* (July 3, 2006).

Communications has deployed both a voice and a data network in Pittsburgh, as well as both a voice and a data switch.⁹⁹ It offers a variety of voice and data services in the Pittsburgh MSA, including “local and long distance [voice], high-speed Internet, T1 service, managed services including VoIP, Web hosting, and Web development services.”¹⁰⁰ Based on the most recent data available for Allegheny County and as of December 2005 for other parts of the MSA, One Communications had approximately **** business E911 listings in the Pittsburgh MSA. In addition to retail services, One Communications says it offers carrier services that “can provide a fully-protected, dedicated DS1, DS3, or OCxN circuit with full channel, point-to-point capacity.”¹⁰¹

50. PAETEC Communications is a national communications solutions provider specializing in IP-based services.¹⁰² PAETEC offers a variety of voice and data services, including local and long-distance voice services, frame relay, IP VPN, VoIP, managed VPNs, and dedicated Internet access.¹⁰³ PAETEC began providing service to the Pittsburgh area in September 2001.¹⁰⁴ Based on the most recent data available for Allegheny County and as of December 2005 for other parts of the MSA, PAETEC had approximately **** ****

⁹⁹ *Competitive Carrier Report 2006*, Ch. 6 – Choice One at 5-6.

¹⁰⁰ One Communications, *About Us*, <http://onecommunications.com/about-us.php>.

¹⁰¹ One Communications, *Choice One Carrier Services: Metro Private Line*, http://www.choiceonecom.com/products/wholesale/wholesale_metro.php.

¹⁰² PAETEC News Release, *PAETEC Exceeds 675,000 Access Lines* (Oct. 14, 2004).

¹⁰³ PAETEC, *Offerings*, http://www.paetec.com/1_1/1_1_1.html.

¹⁰⁴ PAETEC News Release, *PAETEC Communications Expands Services Offerings to Pittsburgh* (Sept. 25, 2001).

business E911 listings in the Pittsburgh MSA. PAETEC recently agreed to merge with US LEC, creating a “Premier Communications Provider” to enterprise customers.¹⁰⁵

51. US LEC has deployed both voice and data switches in Pittsburgh and serves Allegheny, Beaver, Washington, and Westmoreland counties using these facilities.¹⁰⁶ US LEC offers a variety of voice and data services, including local and long-distance voice, DID trunks, frame relay, ATM, private lines, MPLS VPNs, Ethernet local loops, and IP VPNs.¹⁰⁷ In addition, US LEC says its “wholesale offering provides carriers US domestic termination services throughout its 16-state footprint.”¹⁰⁸ US LEC began providing service in the state of Pennsylvania in 1999.¹⁰⁹ Based on the most recent data available for Allegheny County and as of December 2005 for other parts of the MSA, US LEC had approximately **** business E911 listings in the Pittsburgh MSA.

52. XO provides an extensive array of voice, data, Internet access, security solutions, and integrated and managed services to Fortune 500 companies.¹¹⁰ In the Pittsburgh MSA, XO has deployed both voice and data networks, along with a voice switch.¹¹¹ XO also offers many of its services for use by carrier customers.¹¹² XO says it offers “Carrier Private Line services [which] provide high-speed, dedicated point-to-point connectivity for voice, data and video

¹⁰⁵ PAETEC News Release, *PAETEC and US LEC to Combine in \$1.3 Billion Transaction* (Aug. 14, 2006).

¹⁰⁶ US LEC, *Pittsburgh*, <http://www.uslec.com/l-pittsburgh.aspx>; *Competitive Carrier Report 2006*, Ch. 6 – US LEC at 11-12.

¹⁰⁷ US LEC, *Pennsylvania Fact Sheet*, <http://www.uslec.com/pennsylvania-ssi.aspx>.

¹⁰⁸ US LEC, *Wholesale Voice*, <http://www.uslec.com/wholesale-voice.aspx>.

¹⁰⁹ US LEC, *Pennsylvania Fact Sheet*, <http://www.uslec.com/pennsylvania-ssi.aspx>.

¹¹⁰ XO Communications, *XO Products and Programs*, <http://www.xo.com/products/>.

¹¹¹ *Competitive Carrier Report 2006*, Ch. 6 – XO Communications at 8, 10.

¹¹² XO Communications, *XO Carrier Services*, <http://www.xo.com/products/carrier/>.

applications.”¹¹³ Based on the most recent data available for Allegheny County and as of

*December 2005 for other parts of the MSA, XO had more than **** business E911 listings in the Pittsburgh MSA.*

53. Other CLECs operating in the Pittsburgh MSA include Cavalier Telephone¹¹⁴ and Covad.¹¹⁵

3. Wholesale Carriers

54. In addition to cable operators and traditional telecommunications carriers, there is a class of carriers that offer mainly wholesale services to other telecommunications carriers. These “carrier’s carriers,” such as PPL Telcom, offer dark fiber, wholesale access and transport, and a variety of other services designed exclusively for use by other providers. For example, PPL Telcom says it offers the “latest technology to Enterprise and Carrier customers throughout the New York to Washington, D.C. corridor. From SONET to Wireless Infrastructure, PPL Telcom offers the reliability and service customers have come to expect from their telecommunications provider.”¹¹⁶ Wholesale carriers allow other communications carriers to purchase bandwidth where such purchases may otherwise be unfeasible due to cost constraints or other limiting factors.

¹¹³ XO Communications, *XO Carrier Private Line*, <http://www.xo.com/products/carrier/transport/privateline/index.html>.

¹¹⁴ Cavalier Telephone, *Pennsylvania Business and Data Services from Cavalier*, <http://www.cavtel.com/business/pennsylvania.shtml>.

¹¹⁵ Covad, *Covad Corporate Brochure*, <http://www.covad.com/companyinfo/docs/CovadCorpBrochure.pdf>.

¹¹⁶ PPL Telcom, *Services*, <http://www.ppltelcom.com/services.html>.

4. Other Competitors

55. *In recent years there has been a dramatic increase in competition from systems integrators – such as Electronic Data Systems Corp., IBM Global Services, Accenture, Cap Gemini Ernst & Young, Northrup Grumman, General Dynamics, and Computer Sciences Corp. With the increasing complexity and utilization of IT and communications systems, large businesses are increasingly turning to network integrators to assess, plan, and manage their telecommunications systems. The need for network integrators is heightened by the need for extensive planning and management needed to create converged systems without having to create new physical networks from scratch. Network integrators thus provide managed services to large business customers, such as network design and operation.*

56. Systems integrators have shown that they can compete successfully against traditional telecommunications providers. One Yankee Group study showed that 10 percent of surveyed businesses reported that a system integrator was its primary communications service provider in 2004.¹¹⁷ Likewise, in the government sphere, systems integrators have emerged as leading competitors. Integrators have recently won many major contracts. For example, in October 2004, Lockheed Martin teamed up with AT&T, Hewlett-Packard Co., Hughes Network Systems Inc., and large local exchange carriers to become the comprehensive provider of managed network services to over 37,000 U.S. Postal Service locations. The \$3 billion contract was awarded principally to Lockheed Martin.¹¹⁸ In January 2006, a Lockheed-led team was

¹¹⁷ S. Hackett, Yankee Group, *The State of the Enterprise* at 28 (Nov. 30, 2004).

¹¹⁸ J. Miller, *USPS Taps Lockheed Martin for \$3 Billion Telecom Contract*, Gov't Computer News (Oct. 14, 2004), http://www.gcn.com/vol1_no1/outsourcing/27505-1.html; United States Postal Service, *Postal Facts 2006*, <http://www.usps.com/communications/organization/postalfacts.htm>.

awarded a \$2 billion contract to create a new Air Force communications network.¹¹⁹ Harris Corp. won a \$1.7 billion contract for the nationwide FAA network;¹²⁰ EDS and Lockheed Martin won HUD contracts worth \$400 million each;¹²¹ EDS won the Navy's \$8.8 billion NMCI networking contract;¹²² General Dynamics won the contract for Pentagon renovations;¹²³ CSC won the \$2 billion WIN-T contract in connection with the Army's Warfighter Information Network project¹²⁴ and was recently awarded a \$1.9 billion contract to provide IT services to BAE systems;¹²⁵ and Northrop Grumman won the Air Force's \$9 billion NetCENTS contract, as well as a \$2 billion contract to run the State of Virginia's information infrastructure.¹²⁶ IBM Global Services won a recent contract with Lloyd's TSB bank to provide that company with converged voice and data systems, including 70,000 VoIP telephones.¹²⁷

¹¹⁹ Lockheed Martin Press Release, *Lockheed Martin Awarded \$2 Billion Contract to Build Network Missions Operations System* (Jan. 27, 2006) (the team included Northrup Grumman, Telcordia Technologies, and SAIC, among others).

¹²⁰ Harris Corp., *2002 Annual Report* at 2, <http://www.harris.com/harris/ar/archives/annual-report2002.pdf>.

¹²¹ U.S. Department of Housing and Urban Development, *HUD Information Technology Services*, <http://www.hud.gov/offices/cpo/primes/hits.cfm>.

¹²² J. Perez, *EDS CEO: Navy Contract Under Control*, InfoWorld (Feb. 18, 2004).

¹²³ F. Tiboni, *General Dynamics wins Pentagon Contract*, Federal Computer Week (Aug. 13, 2004).

¹²⁴ CSC News Release, *CSC Wins \$500 Million Forscom Aviation Support Contract* (Aug. 24, 2004) ("The aggregate ceiling value for all four contracts is \$2 billion.").

¹²⁵ CSC News Release, *CSC Renews \$1.9Billion IT Services Contract with BAE Systems for The Third Time* (May 2, 2006).

¹²⁶ W.D. Gardner, *USAF To Dole Out \$9 Billion On Beefed Up Network, Networking Pipeline* (Sept. 14, 2004); FedSources, *Market News Flash – 10/31/05* (Oct. 31, 2005), http://www.fedsources.com/about/fsinews/mktflash_103105.asp.

¹²⁷ IBM Release, *At £500m IBM Voice and Data Services Deal To Enable Lloyds TSB's Next Generation Business Solutions* (Dec. 6, 2004).

57. Because all communications services depend in part on customer premises equipment, one trend for enterprise customers is the development of increasingly sophisticated on-site communications capability to replace services that were previously provided through the network.¹²⁸ In part for this reason, a variety of equipment manufacturers are also competing for large business customers. Siemens offers a variety of converged communications solutions, including real-time IP systems, security systems, customer interaction solutions, and voice, data, and messaging systems, for enterprise customers.¹²⁹ Lucent provides a host of telecommunications services for business customers, including, among other things, its IP Centrex product, which is a fully managed service that combines the functionality of Centrex with the benefits of VOIP.¹³⁰ Lucent also provides managed data services, including ATM, Frame Relay, and Ethernet-over-SONET to business customers.¹³¹

¹²⁸ See T. Valovic, *et al.*, IDC Research, *U.S. Hosted IP Voice Forecast and Analysis, 2002–2007* at 1, 19 (Feb. 2003).

¹²⁹ Siemens Enterprise Networks, *Products, Solutions & Services*, <http://enterprise.usa.siemens.com/products.html>.

¹³⁰ Lucent Technologies, *IP Centrex Service for Enterprises*, http://www.lucent.com/solutions/ip_centrex.html.

¹³¹ Lucent Technologies, *Optical Networking Solutions for Enterprises*, http://www.lucent.com/solutions/optical_networking_ent.html; Lucent Technologies, *Ethernet over SONET (EoS) Services for Enterprises*, <http://www.lucent.com/solutions/ethernet.html>.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

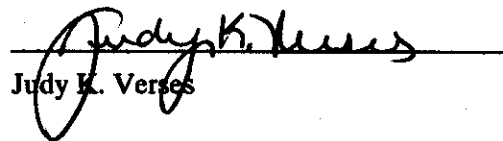
Executed on August 31, 2006

A handwritten signature in cursive script, appearing to read "Quintin Lew", written over a horizontal line.

Quintin Lew

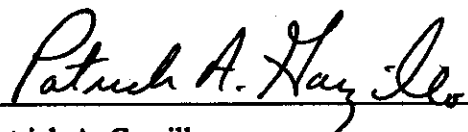
I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed on August 31, 2006


Judy K. Verses

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed on August 31, 2006

A handwritten signature in cursive script, reading "Patrick A. Garzillo", written over a horizontal line.

Patrick A. Garzillo



DECLARATION OF QUINTIN LEW,
JUDY VERSES, AND PATRICK GARZILLO
REGARDING COMPETITION IN THE
PITTSBURGH METROPOLITAN STATISTICAL AREA

EXHIBIT 1

Competitive Prices for Mass-Market Voice Telephone Service

There are many competitors offering mass-market voice telephone service in the Pittsburgh MSA using their own switches or VoIP technology. These carriers' offerings are priced at levels that are comparable to or below Verizon's voice telephone package rate. Verizon has prepared a table that compares the prices and features of the voice telephone service offerings of several leading competitors, including VoIP offerings, wireless offerings, and circuit-switched offerings. Verizon prepared this table by examining the competitors' websites and other publicly available information. This comparison shows that mass-market customers can obtain voice telephone service from several competitors at rates that are comparable to or lower than Verizon's rates.

PITTSBURGH

Comparison of Competitive Calling Bundle Prices and Features

	Verizon Freedom Essentials	Comcast Digital Voice ¹	Vonage Premium Unlimited ²	AT&T CallVantage ²	ZingoTel Residential Unlimited ²	Packet8 Freedom Unlimited ²	BroadVoice Unlimited World ²	Lingo Unlimited ²	EarthLink trueVoice Unlimited ²	MyPhone Company Unlimited Home U.S. & Canada ²	Broadfone Unlimited ²	BroadVox Direct Residential Unlimited ²	Net2Phone VoiceLine Unlimited ²
Price	\$39.95	\$39.95	\$24.99	\$24.99	\$14.95	\$19.99	\$19.95	\$21.95	\$24.95	\$24.99	\$24.99	\$28.95	\$29.99
Local Calling	Unlimited												
Local Toll Calling	Unlimited												
Long Distance	Unlimited												
Calling Features	3	11	13	10	9	11	18	12	6	11	8	9	11

	Cingular Nation w/ Rollover	Cingular Nation w/ Rollover	Cingular Nation w/ Rollover	Sprint PCS Fair & Flexible	Sprint PCS Fair & Flexible	Sprint PCS Fair & Flexible	Sprint PCS Fair & Flexible	T-Mobile Basic Plus (National)	T-Mobile Get More (National)	T-Mobile Get More 1000 Plus (National)	T-Mobile Get More Ultra (National)	Cricket Unlimited Plus	Cricket Unlimited Access
	450 mins.	900 mins.	1350 mins.	200 mins.	450 mins.	900 mins.	1350 mins.	300 mins.	600 mins.	1000 mins.	1500 mins.		
Price	\$39.99	\$59.99	\$79.99	\$29.99	\$39.99	\$59.99	\$79.99	\$29.99	\$39.99	\$49.99	\$59.99	\$40.00	\$45.00
Local Calling	Included within Plan Minutes (some plans include unlimited nights & weekends and unlimited mobile-to-mobile minutes)												
Local Toll Calling	Included within Plan Minutes (some plans include unlimited nights & weekends and unlimited mobile-to-mobile minutes)												
Long Distance	Included within Plan Minutes (some plans include unlimited nights & weekends and unlimited mobile-to-mobile minutes)												
Calling Features	5	5	5	5	5	5	5	5	5	5	5	0	5

¹Reflects the \$15 discount for customers subscribing to both Cable and High-Speed Internet service.

²Requires broadband connection at additional cost.

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